

Weekly Wealth Digest

22 May 2026

Your Edge. Our Insights.

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Weekly Focus

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The Era Of Return Delusion

When Extraordinary Returns Started Feeling Normal

Your 30-Second Briefing

- Investors are anchored to recent outsized returns (15% vs. historical 10%).
- AI rallies, passive flows, and easy liquidity made fast recoveries feel normal.
- Newer investors now expect higher returns, driving more risk-taking and lower patience.
- The risk isn't optimism, it's treating an exceptional period as the norm.

The Long-Read

For decades, investing was supposed to feel relatively slow.

Wealth accumulated gradually through compounding, patience, and surviving multiple market cycles. Long-run annual returns around 10% were already considered strong outcomes.

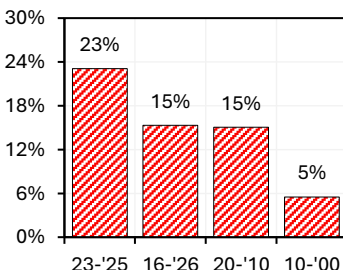
Then came the last five years. Markets compounded closer to 15% annually, powered by near-zero interest rates, enormous liquidity injections, passive investing flows, and eventually, the AI boom.

Every correction eventually became a buying opportunity. Volatility stopped feeling structural and started feeling temporary.

Over time, exceptional returns stopped feeling exceptional. They became the benchmark investors started measuring everything against.

The Return Escalation Curve

Returns Bucket Across Different Periods



Source: Bloomberg

The Law of Large Numbers Eventually Matters

One of the most dangerous assumptions investors make during strong cycles is believing elevated returns can persist indefinitely from an increasingly larger base.

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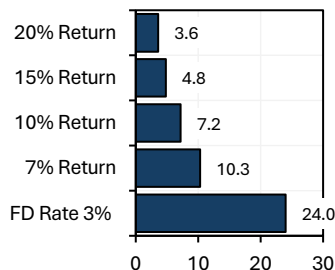
Mathematically, markets become harder to move as they grow larger. Generating 15–20% annual returns consistently on a multi-trillion-dollar index requires an extraordinary expansion in earnings, liquidity, productivity, or valuation multiples.

The larger the market becomes, the harder it becomes to sustain accelerated compounding without expectations running ahead of reality.

That is why the long-run gravitational pull of equity markets has historically remained closer to 10%. Not because markets cannot temporarily exceed it. But because sustaining significantly higher returns indefinitely eventually collides with economic scale itself.

How Fast Money Doubled

Number of Years For Money To Double At Different Rate of Returns Using Rule 72.



Source: AmBank Wealth Management Calculations

The problem is that recent market behaviour has distorted that perspective.

The Rise of the “Fast Return” Investor

Markets shape behaviour through repetition.

A generation of investors entered markets during one of the most forgiving investment environments ever recorded.

- The COVID crash recovered within months.
- The 2025 “Tariff Tantrum” reversed in 55 trading days.
- The 2026 Iran conflict selloff recovered in only 11.

Eventually, investors stop viewing recoveries as possibilities. They start viewing them as guarantees.

That shift quietly changes risk tolerance. Patience declines. Aggressive positioning feels rational because recent history repeatedly rewarded speed over caution. Markets stopped teaching investors how to survive drawdowns and instead taught them how quickly drawdowns disappear.

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When Greed Starts Looking Rational

Modern greed rarely looks reckless in real time.

Investors today are crowding into genuinely exceptional businesses like NVIDIA and Microsoft. The companies themselves are real, profitable, and strategically dominant.

The distortion lies in the assumptions beneath the valuations.

Markets are increasingly pricing:

- future AI monetisation
- sustained margin expansion
- long-duration dominance
- and accelerated earnings growth all at the same time.

At some point, returns stop being driven by improving fundamentals and start depending on expectations remaining euphoric long enough for reality to catch up.

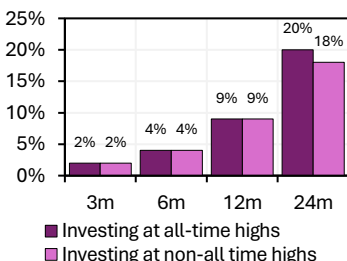
That is the subtle danger of this cycle. Not speculative fantasy, but increasingly aggressive assumptions around time, scale, and sustainability.

The Bottom Line

The greatest distortion of this cycle may not be valuations. It may be expectations. Because once investors become anchored to extraordinary returns, normal returns start feeling inadequate.

False Sense of Security

Avg. S&P 500 Forward Price Returns Across Time Periods, 1970 – Present (%)



Source: JP Morgan

And once markets condition investors to believe corrections are temporary and double-digit gains are standard, risk itself begins feeling structurally smaller than it actually is.

Historically, markets become most fragile not when fear dominates, but when investors quietly stop believing gravity still exists.

Strategy In Focus

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The Puzzle This Week

Markets have become anchored to strong recent returns, where 15% feels normal and corrections feel temporary. The risk is expectations running ahead of reality, when returns normalise, even solid outcomes can disappoint. The focus now is simple: earn returns without relying on exceptional conditions repeating.

Structured Investments

Autocallable: *CRDO*, *SNDK*



Names like Credo and SanDisk are tied to strong AI and memory cycles, but also sensitive to expectations and earnings swings. Instead of chasing further upside, autocallables convert this into defined income (7–17.7%), allowing investors to monetise elevated expectations even if growth moderates or timing disappoints.

Momentum Funds

Principal Singapore Equity & TA Global Select Equity



As markets adjust to more realistic returns, balance becomes key. Principal Singapore Equity provides stability through dividends and lower volatility, while TA Global Select Equity shifts between growth and value, capturing rotations as leadership broadens beyond crowded trades. Together, they blend defensiveness with adaptability.

Fixed Income

Investment-Grade Bonds: *UST & TNB*



When return expectations reset, predictable income becomes more valuable. US Treasuries (4.75%) and Tenaga Nasional (3.55%) offer steady cash flows backed by strong credit quality, helping anchor portfolios when equity outcomes become less certain.

The Macro View

22 May 2026

Soft Growth Signals, Steady Markets

Markets are turning cautious. Growth is softening, inflation remains sticky, and with no clear catalyst, investors are staying selective and avoiding big bets.

MACRO OVERVIEW

Latest S&P PMI data across major economies showed broad-based weakness, especially in services, as rising living costs and supply shortages weighed on demand and confidence.

This points to a gradual cooling in global growth momentum, even as inflation pressures linger.

In Malaysia, policymakers are exploring a more targeted subsidy and aid framework to better reflect actual cost-of-living needs, while rising diesel prices are already pushing construction costs higher, highlighting ongoing cost pressures in the real economy.

FX OVERVIEW

FX markets were relatively calm, with most G10 currencies moving sideways against the USD despite ongoing macro uncertainty.

The dollar edged higher, supported by relative resilience and stable policy expectations, while currencies tied to growth (EUR, JPY) remained under mild pressure.

The ringgit strengthened modestly, supported by improved bond demand and healthier trading volumes, suggesting better near-term positioning despite a mixed global backdrop.

The Macro View

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Inflation Spikes, Growth Risks Build

Markets are turning cautious. Growth is softening, inflation remains sticky, and with no clear catalyst, investors are staying selective and avoiding big bets.

COMMODITY OVERVIEW

Oil prices declined around 2%, reversing earlier gains as optimism around a potential US–Iran deal briefly improved sentiment.

However, the underlying picture remains tight, with discussions around Hormuz access and Iran's hardening stance keeping supply risks elevated.

Gold remained flat, while CPO fell more notably, reflecting profit-taking and softer near-term demand expectations rather than a structural shift in commodities.

FIXED INCOME OVERVIEW

Developed market bond curves flattened, with front-end yields rising amid ongoing repricing of rate expectations, while longer-duration bonds found some support as inflation fears eased slightly.

In Malaysia, government bonds strengthened modestly, supported by improving sentiment and strong demand at the 7Y MGS auction, signalling continued investor appetite for duration at current yield levels.

Market Shakers

22 May 2026

Wrapped In Optimism, Grounded In Rates

At first glance, markets look strong, IPO excitement is building, tech valuations remain elevated, and AI continues to dominate the narrative. But beneath that momentum, the backdrop is becoming more complex.

The **AI story remains front and centre**. Planned IPOs from names like SpaceX, OpenAI and Anthropic are fuelling expectations of fresh capital flows, while Nvidia is still seen as underappreciated, reinforcing the view that the AI cycle has further to run. This continues to support equity markets. But that optimism is colliding with a tighter macro environment.

In the US, **mortgage rates have climbed to a nine-month high**, weighing on housing and consumer activity. At the same time, inflation remains sticky, driven by energy and global risks, forcing a rethink of interest-rate expectations.

That shift is becoming clearer at the Federal Reserve. Minutes show growing support for keeping rates elevated, and the possibility of further hikes if inflation persists. With internal debate intensifying, the Fed path looks less predictable and less tilted toward near-term easing.

Globally, growth is softening. Surveys point to a **slowing economy**, even as inflation trends diverge, such as in Japan, where price pressures are easing despite external shocks. This makes policy coordination more difficult. Overlaying all this is geopolitics and policy friction, as US-China engagement continues but structural competition remains firmly in place.

Bottom line: markets are being supported by AI-driven optimism, but constrained by sticky inflation, high rates and slowing growth. It's this gap between strong expectations and tighter reality that is shaping market behaviour.

Structured Strategy

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Structured Investments Ideas

Structured investments offer predefined, market-linked returns designed for targeted upside, protection, or yield.

AUTOCALLABLE		AUTOCALLABLE	
Yield Enhancement		Bullet	
Credo Technology Group		SanDisk Group	
Strike 65.0%	Knock-Out Barrier 103.0%	Strike 100.0%	Knock-Out Barrier 102.0%
Knock-In Barrier 65.0%	Coupon 17.7%	Knock-In Barrier 75.0%	Coupon 7.30%
Tenure 6 months	Currency MYR	Tenure 3 months	Currency MYR
Underlying Drivers		Underlying Drivers	
Bull Case ▲ AI data-centre demand is driving strong growth in high-speed connectivity and optical interconnect solutions.		Bull Case ▲ NAND pricing recovery and disciplined supply cuts are improving margins, while AI and data-centre storage demand support a stronger upcycle.	
Bear Case ▼ Highly dependent on hyperscaler capex cycles, with revenue volatility from customer concentration and spending delays.		Bear Case ▼ Memory remains deeply cyclical, with pricing vulnerable to oversupply and demand swings if PC, mobile, or enterprise recovery weakens.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: AmBank Wealth Management (22 May 2026)

Fund Strategy

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Unit Trust Ideas

Unit trusts pool's investors funds to enter markets at more efficient average prices and benefitting from professional diversified management.

INCOME

Principal Singapore Equity

By Principal Asset Management Bhd

1Y Returns
+18.2% p.a.

Fund Size
RM 622 mil

Volatility
7.2% p.a.

Risk Rating
5-Aggressive

Fund Pitch

Attractive Yields

Singapore's market offers strong dividend yields (~4.5% p.a.).

Safe-Haven Status

Singapore benefits from its reputation of a stable economy and financial hub.

Policy Tailwinds

Gov/MAS initiatives are boosting liquidity and attracting more capital.

ENDURE

TA Global Select Equity

By TA Investment Management Bhd

3Y. Returns
+6.38% p.a.

Fund Size
RM 159 mn

Volatility
12.8% p.a.

Risk Rating
5-Aggressive

Fund Pitch

Dynamic Growth-Value Shift

Shift between growth-and-value stocks based on underlying market condition

Bulletproof Businesses

Invest in companies that are already profitable, scalable and established.

Downside Aware

Selection model prioritizes margin of safety, not just focused on upside potential.

Bond Strategy

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Fixed Income Ideas

Bonds generate stable income by lending to government's and corporates, earning regular interest payments.

Financial Sector		Financial Sector	
Investment Grade		Investment Grade	
US Treasury Note 4.75% 15/11/2043		Tenaga Nasional Bhd 3.55% 10/8/2040	
Ranking Unsecured	Coupon 4.75%	Ranking Sr Unsecured	Coupon 3.55%
Next Coupon 15 Nov 26	Maturity In 17.5 years	Next Coupon 12 Aug 26	Maturity In 14.23 years
Moodys Rating Aa1	Currency USD	RAM Rating AAA	Currency MYR
Credit Outlook		Credit Outlook	
Positive ▲ Backed by the full faith and taxing power of the US government, offering the deepest liquidity and strongest credit quality globally.		Positive ▲ Monopoly electricity provider with regulated cash flows and strong sovereign linkage underpinning stable credit quality.	
Negative ▼ Long duration exposes investors to interest rate volatility and rising US fiscal deficits over time.		Negative ▼ Exposed to regulatory tariff risk and rising capex needs, which could pressure leverage over the long term.	

Note: Indicative pricing. Please speak to an AmBank RM.

Source: Global Treasury Markets, AmBank WM, Bloomberg (22 May 26)

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